

## Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 EURE-00 CIAE-00 DODE-00 PM-04  
H-01 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02  
SS-15 USIA-06 FRB-03 OMB-01 ITC-01 AGRE-00 AID-05  
COME-00 EB-08 LAB-04 OIC-02 SIL-01 STR-04 TRSE-00  
CEA-01 IGA-02 /103 W  
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P R 091600Z MAR 77  
FM USMISSION EC BRUSSELS  
TO SECSTATE WASHDC PRIORITY 3208  
INFO ALL EC CAPITALS 3238  
USMISSION OECD PARIS  
USMISSION GENEVA PRIORITY

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E.O. 11652: N/A  
TAGS: UNCTAD, EMIN, ETRD, EEC  
SUBJECT: EC FOREIGN MINISTERS COUNCIL, MARCH 8, 1977: UNCTAD  
COMMON FUND

REF: (A) EC BRUSSELS 2049, (B) EC BRUSSELS 1862

1. SUMMARY: DURING THEIR MARCH 8 COUNCIL MEETING, THE EC FOREIGN MINISTERS AGREED TO A JOINT EC OPENING POSITION FOR THE UNCTAD NEGOTIATIONS OF A COMMON FUND. THE COUNCIL, HOWEVER, WAS UNABLE TO AGREE TO A POSITION ON CONSUMER/ PRODUCER FINANCING OF A CF. COREPER WILL UNDERTAKE TO RESOLVE THIS ISSUE. MEMBER STATES AGREED TO ADHERE TO THE OPENING POSITION UNTIL THEY HAVE CONSULTED AND HAVE AGREED THAT THIS JOINT POSITION IS NO LONGER TENABLE. THE FRG INDICATED SUPPORT FOR THE EXTENSION OF THE EC STABEX SYSTEM.

END SUMMARY.

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2. THE EC FOREIGN MINISTERS DEVOTED A LARGE PART OF THEIR MARCH 8 AGENDA TO DISCUSSION OF A UK PRESIDENCY COMMITTEE PROPOSAL FOR AN OPENING COMMUNITY POSITION ON THE COMMON FUND NEGOTIATIONS. (SEE REF. B.) UK PERMDEL AND COUNCIL SECRETARIAT OFFICIALS TELL US THAT AFTER LONG AND ARDUOUS NEGOTIATIONS, THE COUNCIL ESSENTIALLY AGREED TO THE UK PROPOSAL WITH SOME MODIFICATIONS AND

A NUMBER OF FOOTNOTES TO INDICATE INDIVIDUAL MEMBER STATE POSITIONS. (THE MISSION HAS BEEN PROMISED THE TEXT OF THE AGREED-UPON POSITION ONCE IT IS AVAILABLE. WE SHALL SEND IT TO ALL ADDRESSEES.)

3. DUTCH FOREIGN MINISTER VAN DER STOEL WOULD NOT AGREE TO THE PROPOSED PARAGRAPH DEALING WITH CONSUMER/ PRODUCER FINANCING OF THE CF. THE COUNCIL ASKED THE MARCH 10 AND 17 MEETINGS OF THE COMMITTEE OF PERMANENT REPRESENTATIVES TO WORK OUT AN AGREED POSITION ON THIS POINT. VAN DER STOEL INDICATED THAT UNLESS COREPER COULD REACH AGREEMENT, THE NETHERLANDS MIGHT FIND IT NECESSARY TO REGISTER A DIFFERENT OPINION ON THIS POINT AT GENEVA. TO MOLLIFY DUTCH CONCERNS, FRG FOREIGN MINISTER GENSCHER AGREED IN PRINCIPLE THAT SHOULD INTERNATIONAL COMMODITY AGREEMENTS BE DECIDED UPON, NECESSARY FINANCING WOULD BE MADE AVAILABLE.

4. OTHER THAN THE DUTCH RESERVATION ON FINANCING, EC OFFICIALS TELL US THAT THE COUNCIL AGREED TO ADHERE TO THE JOINT OPENING POSITION. MEMBER STATES WOULD SUPPORT THE POSITION UNTIL EITHER A) THE EC AGREED TO CHANGE IT, OR B) AFTER DUE CONSULTATION, THE MEMBER STATES RECOGNIZED THEY WERE UNABLE TO ABIDE BY A COMMON POSITION. IN SUCH A CASE, THE MEMBER STATES WOULD GO THEIR OWN WAY. COMMISSIONER CHEYSSON SUGGESTED THAT THE EC MAINTAIN A JOINT POSITION UNTIL THE COUNCIL OF MINISTERS DISCUSSED FURTHER THE CF. THERE WAS NO DISSENT FROM THIS SUGGESTION, BUT UK PERMDEL OFFICIALS LIMITED OFFICIAL USE

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ARE UNCERTAIN WHETHER THE PROPOSAL WAS FULLY UNDERSTOOD. IN ANY CASE, EXCEPT FOR A POSSIBLE DUTCH RESERVATION ON FINANCING, THE NINE INTEND TO ADHERE TO THE JOINT POSITION DURING THE INITIAL PHASE OF THE CONFERENCE.

5. OUR SOURCES ADD THAT GENSCHER EXPRESSED TO THE COUNCIL CONCERN OVER THE POSSIBILITY THAT THE US MIGHT ANNOUNCE IN GENEVA A COMMITMENT TO SOME TYPE OF CF. HE STRESSED THE NEED TO COORDINATE WITH THE US AND EMPHASIZED THE IMPORTANCE OF PRIME MINISTER CALLAGHAN'S REPORT ON HIS DISCUSSIONS IN WASHINGTON. THIS REPORT SHOULD BE CONSIDERED BY THE MARCH 25-26 EUROPEAN COUNCIL WHEN IT DISCUSSES CIEC AND THE CF.

6. ACCORDING TO OUR SOURCES, GENSCHER ADDED THAT THE BEST WAY TO OVERCOME DISADVANTAGES OF COMMODITY PRICE FLUCTUATIONS WOULD BE TO EXTEND THE EXISTING

EC SCHEME FOR STABILIZATION OF EXPORT EARNINGS (STABEX) TO OTHER PRODUCTS AND PRODUCERS. THE FRG WOULD BE PREPARED TO BEAR ITS SHARE OF THE COST OF SUCH A PROPOSAL. THE FRG, HOWEVER, DID NOT PLAN TO MAKE THESE VIEWS KNOWN IN GENEVA. GENSCHER REPORTEDLY SAID THAT THE FRG AGREED THAT INTERNATIONAL COMMODITY AGREEMENTS WERE LIKELY AND THEREFORE A CF COULD NOT BE EXCLUDED. HE DID NOT BELIEVE A CLEARING-HOUSE WOULD BE ACCEPTABLE TO THE LDCS UNLESS ADDITIONAL MEASURES WERE TAKEN SUCH AS ESTABLISHING A GLOBAL STABEX.

7. A UK SPOKESMAN TOLD REPORTERS THAT UK MINISTER OF STATE FRANK JUDD, WHO REPRESENTED THE UK DURING THE COUNCIL DEBATE, HAS ASSURED THE COUNCIL ON COORDINATION OF US-EC OPENING POSITIONS. SIGNALS FROM WASHINGTON, ACCORDING TO JUDD, INDICATED THAT LIMITED OFFICIAL USE

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THE US POSITION WAS NOT SIGNIFICANTLY DIFFERENT FROM PROPOSALS PUT FORWARD IN THE UK PROPOSAL. THE COMMISSION SPOKESMAN (FERRATON) TOLD REPORTERS THAT THE EC WAS MOVING TOWARD ACCEPTANCE OF A "FOURCADE-TYPE CLEARING FUND, WITH ITS OWN RESOURCES." HINTON

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## Message Attributes

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